



General Assembly

Substitute Bill No. 5688

February Session, 2006

* HB05688FIN 040506 *

***AN ACT CONCERNING ENERGY EFFICIENCY AND ELECTRIC
DEREGULATION AND THE GROSS RECEIPTS TAX.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 12-264 of the 2006 supplement to the general
2 statutes is repealed and the following is substituted in lieu thereof
3 (*Effective July 1, 2006*):

4 (a) Each (1) [Connecticut municipality or department or agency
5 thereof, or Connecticut district, manufacturing, selling or distributing
6 gas or electricity] municipality, or department or agency thereof, or
7 district manufacturing, selling or distributing gas to be used for light,
8 heat or power, [in this chapter and in chapter 212a called a "municipal
9 utility",] (2) company the principal business of which is
10 manufacturing, selling or distributing gas or steam to be used for light,
11 heat or power, including each foreign municipal electric utility, as
12 defined in section 12-59, and given authority to engage in business in
13 this state pursuant to the provisions of section 16-246c*, and (3)
14 company required to register pursuant to section 16-258a shall pay a
15 quarterly tax upon gross earnings from such operations in this state.
16 Gross earnings from such operations under subdivisions (1) and (2) of
17 this subsection shall include (A) all income classified as operating
18 revenues by the Department of Public Utility Control in the uniform
19 systems of accounts prescribed by said department for operations

20 within the taxable quarter and, with respect to each such company, (B)
21 all income classified in said uniform systems of accounts as income
22 from merchandising, jobbing and contract work, (C) income from
23 nonutility operations, (D) revenues from lease of physical property not
24 devoted to utility operation, and (E) receipts from the sale of residuals
25 and other by-products obtained in connection with the production of
26 gas, electricity or steam. Gross earnings from such operations under
27 subdivision (3) of this subsection shall be gross income from the sales
28 of natural gas, provided gross income shall not include income from
29 the sale of natural gas to an existing combined cycle facility comprised
30 of three gas turbines providing electric generation services, as defined
31 in section 16-1, as amended by this act, with a total capacity of seven
32 hundred seventy-five megawatts, for use in the production of
33 electricity. Gross earnings of a gas company, as defined in section 16-1,
34 as amended by this act, shall not include income earned in a taxable
35 quarter commencing prior to June 30, 2008, from the sale of natural gas
36 or propane as a fuel for a motor vehicle. No deductions shall be
37 allowed from such gross earnings for any commission, rebate or other
38 payment, except a refund resulting from an error or overcharge and
39 those specifically mentioned in section 12-265. Gross earnings of a
40 company as described in subdivision (2) of this subsection shall not
41 include income earned in any taxable quarter commencing on or after
42 July 1, 2000, from the sale of steam.

43 (b) (1) Each such company and [municipal utility] municipality, or
44 department or agency thereof, or district manufacturing, selling or
45 distributing gas to be used for light, heat or power shall, on or before
46 the last day of January, April, July and October of each year, render to
47 the Commissioner of Revenue Services a return on forms prescribed or
48 furnished by the commissioner and signed by its treasurer or the
49 person performing the duties of treasurer, or by an authorized agent or
50 officer, specifying (A) the name and location of such company or
51 municipal utility, (B) the amount of gross earnings from operations for
52 the quarter ending with the last day of the preceding month, (C) the
53 gross earnings from the sale or rental of appliances using water, steam,

54 gas or electricity and the cost of such appliances sold, cost to be
55 interpreted as net invoice price plus transportation costs of such
56 appliances, (D) the gross earnings from all sales for resale of water,
57 steam, gas and electricity, whether or not the purchasers are public
58 service corporations, municipal utilities, located in the state or subject
59 to the tax imposed by this chapter, (E) the number of miles of water or
60 steam pipes, gas mains or electric wires operated by such company or
61 municipal utility within this state on the first day and on the last day
62 of the calendar year immediately preceding, and (F) the number of
63 miles of water or steam pipes, gas mains or electric wires wherever
64 operated by such company or municipal utility on said dates. Gas
65 pipeline and gas transmission companies which do not manufacture or
66 buy gas in this state for resale in this state shall be subject to the
67 provisions of chapter 208 and shall not be subject to the provisions of
68 this chapter and chapter 212a.

69 (2) No person, firm, corporation or municipality that is chartered or
70 authorized by this state to transmit or sell gas within a franchise area
71 shall transmit gas for any person that sells gas to be used for light, heat
72 or power to an end user or users located in this state, unless such seller
73 has registered with the Department of Revenue Services for purposes
74 of the tax imposed under this chapter. The provisions of this
75 subdivision shall not apply to the transmission of gas for any seller
76 that is a gas company, as defined in section 16-1, as amended by this
77 act, municipal gas utility established under chapter 101 or any other
78 gas utility owned, leased, maintained, operated, managed or
79 controlled by any unit of local government under any general statute
80 or any public or special act, or a gas pipeline or gas transmission
81 company subject to the provisions of chapter 208.

82 (3) The Commissioner of Revenue Services may make public the
83 names and addresses of each person that sells gas to be used for light,
84 heat or power to an end user or users located in this state and has
85 registered with the Department of Revenue Services for purposes of
86 the tax imposed under this chapter, and that is not a gas company, as
87 defined in section 16-1, as amended by this act, a municipal gas utility

88 established under chapter 101 or any other gas utility owned, leased,
89 maintained, operated, managed or controlled by any unit of local
90 government under any general statute or any public or special act, or a
91 gas pipeline or gas transmission company subject to the provisions of
92 chapter 208.

93 (c) (1) Each electric distribution company, as defined in section 16-1,
94 as amended by this act, or municipality, or department or agency
95 thereof, or district manufacturing, selling or distributing electricity to
96 be used for light, heat or power, providing electric transmission
97 services, as defined in said section 16-1, or electric distribution
98 services, as defined in said section 16-1, shall pay a quarterly tax upon
99 its gross earnings in each calendar quarter at the rate of (A) eight and
100 one-half per cent of its gross earnings from providing electric
101 transmission services or electric distribution services allocable to other
102 than residential service and (B) six and eight-tenths per cent of such
103 gross earnings from providing electric transmission services or electric
104 distribution services allocable to residential service.

105 (2) For purposes of this subsection, gross earnings from providing
106 electric transmission services or electric distribution services shall
107 include (A) all income classified as income from providing electric
108 transmission services or electric distribution services by the
109 Department of Public Utility Control in the uniform system of accounts
110 prescribed by said department and (B) the competitive transition
111 assessment collected pursuant to section 16-245g, other than any
112 component of such assessment that constitutes transition property as
113 to which an electric distribution company has no right, title or interest
114 pursuant to subsection (a) of section 16-245h, the systems benefits
115 charge collected pursuant to section 16-245l, as amended, and the
116 assessments charged under sections 16-245m, as amended, and 16-
117 245n, as amended. Such gross earnings shall not include income from
118 providing electric transmission services or electric distribution services
119 to a company described in subsection (c) of section 12-265, as amended
120 by this act.

121 (3) Each electric distribution company and municipality, or
122 department or agency thereof, or district manufacturing, selling or
123 distributing electricity to be used for light, heat or power shall, on or
124 before the last day of January, April, July and October of each year,
125 render to the Commissioner of Revenue Services a return on forms
126 prescribed or furnished by the commissioner and signed by its
127 treasurer, or the person performing the duties of treasurer, or of an
128 authorized agent or officer, with such other information as the
129 Commissioner of Revenue Services deems necessary.

130 (d) The tax imposed by this chapter is due and payable to the
131 Commissioner of Revenue Services quarterly on or before the last day
132 of the month next succeeding each calendar quarter.

133 Sec. 2. Section 12-265 of the general statutes is repealed and the
134 following is substituted in lieu thereof (*Effective July 1, 2007*):

135 (a) As used in this section (1) with regard to electric power, "sales
136 for resale" include (A) sales of electric power capacity, (B) power
137 output from such capacity, and (C) all transmission charges in
138 conjunction with such sales on or after May 17, 1982, [and] (2) "net
139 invoice price" means invoice price less trade discounts, and (3)
140 "municipal utility" means a municipality, or department or agency
141 thereof, or district manufacturing, selling or distributing gas or
142 electricity to be used for light, heat or power.

143 (b) (1) Each company and municipal utility included in section 12-
144 264, as amended by this act, other than an electric distribution
145 company, as defined in section 16-1, as amended by this act, included
146 in subsection (c) of section 12-264, as amended by this act, and other
147 than a municipality, or department or agency thereof, or district
148 manufacturing, selling or distributing electricity to be used for light,
149 heat or power, shall be taxed at the rate of five per cent upon the
150 amount of gross earnings in each taxable quarter from operations,
151 except as set forth in subsection (c) or (d) of this section and except that
152 each company and municipal utility manufacturing, selling or

153 distributing gas or electricity to be used for light, heat or power shall
154 be taxed at the rate of four per cent upon the amount of gross earnings
155 in each taxable quarter allocable to residential service, but deduction
156 shall be made of gross earnings (A) from all sales for resale of water,
157 steam, gas and electricity to public service corporations and municipal
158 utilities, whether or not such purchasers are Connecticut public service
159 corporations or Connecticut municipal utilities, and whether or not
160 they are subject to the tax imposed by this chapter, (B) from any
161 federal BTU energy tax included in adjustment clause and base-rate
162 revenues, (C) from sales of appliances using water, steam, gas or
163 electricity by each such company of the net invoice price plus
164 transportation costs of such appliances, (D) of electric and gas
165 companies, as defined in section 16-1, as amended by this act, from
166 energy conservation loan programs, (E) from all sales for resale of gas
167 to companies registered pursuant to section 16-258a, and (F) from all
168 sales of natural gas to a user or entity located outside the state.

169 (2) Gross earnings for any taxable quarter, for the purposes of
170 assessment and taxation, shall be as follows: (A) In the case of a
171 company or municipal utility, other than a municipality, or
172 department or agency thereof, or district manufacturing, selling or
173 distributing electricity to be used for light, heat or power, carrying on
174 business or operating entirely within this state, the amount of gross
175 earnings from operations; (B) in the case of a company or municipal
176 utility, other than a municipality, or department or agency thereof, or
177 district manufacturing, selling or distributing electricity to be used for
178 light, heat or power, carrying on business or operations a part of which
179 is outside of this state, (i) such portion of the amount of gross earnings
180 from operations determined under the provisions of section 12-264, as
181 amended by this act, as is represented by the ratio of the number of
182 miles of water or steam pipes, gas mains or electric wires operated by
183 such company or municipal utility within this state on the first day
184 and on the last day of the calendar year immediately preceding to the
185 total number of miles of water or steam pipes, gas mains or electric
186 wires operated by such company or municipal utility on said dates; or

187 (ii) in the case of a company required to register pursuant to section 16-
188 258a, such portion of the amount of gross earnings from operations
189 determined under the provisions of section 12-264, as amended by this
190 act, as is represented by the ratio of the sales in this state to end users
191 during such quarter to the total sales everywhere to end users during
192 such quarter.

193 (c) (1) The rate of tax on the sale, furnishing or distribution of
194 electricity or natural gas for use directly by a company engaged in a
195 manufacturing production process, in accordance with the Standard
196 Industrial Classification Manual, United States Office of Management
197 and Budget, 1987 edition, classifications 2000 to 3999, inclusive, or
198 Sector 31, 32 or 33 in the North American Industrial Classification
199 System United States Manual, United States Office of Management and
200 Budget, 1997 edition, shall be four per cent with respect to calendar
201 quarters commencing on or after January 1, 1994, and prior to January
202 1, 1995, three per cent with respect to calendar quarters commencing
203 on or after January 1, 1995, and prior to January 1, 1996, and two per
204 cent with respect to calendar quarters commencing on or after January
205 1, 1996, and prior to January 1, 1997. The sale, furnishing or
206 distribution of electricity or natural gas for use by a company as
207 provided in this subsection shall not be subject to the provisions of this
208 chapter with respect to calendar quarters commencing on or after
209 January 1, 1997. Not later than thirty days after May 19, 1993, and
210 thirty days after the effective date of each rate decrease provided for in
211 this section, each electric and gas public service company, as defined in
212 section 16-1, as amended by this act, which does not have a proposed
213 rate amendment under section 16-19 pending before the Department of
214 Public Utility Control at such time, shall request the department to
215 reopen the proceeding under section 16-19 on the company's most
216 recent rate amendment, solely for the purpose of decreasing the
217 company's rates to reflect the decreases required under this section.
218 The department shall immediately reopen such proceedings, solely for
219 such purpose.

220 (2) For purposes of this subsection, the sale, furnishing or

221 distribution of natural gas for use as fuel in the operation of a
222 cogeneration facility providing electricity or steam to a company
223 engaged in a manufacturing production process described in
224 subdivision (1) of this subsection shall be deemed to be a sale,
225 furnishing or distribution of natural gas for use directly by such
226 company in such process where such cogeneration facility is located
227 entirely on the premises owned or controlled by such company,
228 whether or not the cogeneration facility is owned or operated by such
229 company.

230 (d) The rate of tax on the sale, furnishing or distribution of steam for
231 use by a company, as described in subdivision (2) of subsection (a) of
232 section 12-264, as amended by this act, shall be: (1) Four per cent with
233 respect to calendar quarters commencing on or after July 1, 1996, and
234 prior to July 1, 1997; (2) three per cent with respect to calendar quarters
235 commencing on or after July 1, 1997, and prior to July 1, 1998; (3) two
236 per cent with respect to calendar quarters commencing on or after July
237 1, 1998, and prior to July 1, 1999; and (4) one per cent with respect to
238 calendar quarters commencing on or after July 1, 1999, and prior to
239 July 1, 2000. The sale, furnishing or distribution of steam as provided
240 in this subsection shall not be subject to the provisions of this chapter
241 with respect to calendar quarters commencing on or after July 1, 2000.

242 Sec. 3. Subdivision (1) of subsection (a) of section 12-213 of the 2006
243 supplement to the general statutes is repealed and the following is
244 substituted in lieu thereof (*Effective July 1, 2006*):

245 (1) "Taxpayer" and "company" mean any corporation, foreign
246 municipal electric utility, as defined in section 12-59, electric
247 distribution company, as defined in section 16-1, as amended, electric
248 supplier, as defined in section 16-1, as amended, generation entity or
249 affiliate, as defined in section 16-1, as amended, joint stock company or
250 association or any fiduciary thereof and any dissolved corporation
251 which continues to conduct business but does not include a passive
252 investment company or municipal utility, as defined in [chapter 212
253 and chapter 212a] section 12-265, as amended by this act.

254 Sec. 4. Section 12-268a of the general statutes is repealed and the
255 following is substituted in lieu thereof (*Effective July 1, 2006*):

256 If the method of apportionment provided for in section 12-251,
257 section 12-258 or section 12-265 unfairly attributes to this state an
258 undue proportion of its business activity, a company or municipal
259 utility, as defined in section 12-265, as amended by this act, may
260 petition for an alternate method of apportionment by filing with its
261 return to the commissioner a statement of its objections and of such
262 proposed other method of apportionment as it believes proper and
263 equitable under the circumstances, accompanied by supporting details
264 and proofs. The commissioner, within a reasonable time thereafter,
265 shall notify the company or municipal utility whether the proposed
266 method is accepted as reasonable and equitable and, if so accepted,
267 shall adjust the return and tax accordingly. With respect to any
268 company [or municipal utility] included in section 12-249, section 12-
269 256 or section 12-264 or municipal utility, as defined in section 12-265,
270 as amended by this act, the commissioner, at any time within three
271 years after the filing by it of a return based on the method of
272 apportionment provided for in section 12-249, section 12-258 or section
273 12-265, as amended by this act, may change such method if, in his
274 opinion, such method has operated or will operate so as to subject the
275 company or municipal utility to taxation on a lesser portion of its
276 business activity than is properly and equitably attributable to this
277 state, and shall thereupon proceed to assess and collect taxes in
278 accordance with such method as so changed by him.

279 Sec. 5. Subdivision (1) of subsection (a) of section 12-268c of the
280 general statutes is repealed and the following is substituted in lieu
281 thereof (*Effective July 1, 2006*):

282 (a) (1) Any company [or municipal utility] included in section 12-
283 249, 12-256 or 12-264 or municipal utility, as defined in section 12-265,
284 as amended by this act, believing that it has overpaid any taxes due
285 under the provisions of chapter 210, 211 or 212 may file a claim for
286 refund in writing with the commissioner within three years from the

287 due date for which such overpayment was made, stating the specific
288 grounds upon which the claim is founded. Failure to file a claim
289 within the time prescribed in this section constitutes a waiver of any
290 demand against the state on account of overpayment. Not later than
291 ninety days following receipt of such claim for refund, the
292 commissioner shall determine whether such claim is valid and, if so,
293 said commissioner shall notify the State Comptroller of the amount of
294 such refund and the State Comptroller shall draw an order on the State
295 Treasurer in the amount thereof for payment to such company or
296 municipal utility. If the commissioner determines that such claim is not
297 valid, either in whole or in part, he shall mail notice of the proposed
298 disallowance in whole or in part of the claim to the claimant, which
299 notice shall set forth briefly the commissioner's findings of fact and the
300 basis of disallowance in each case decided in whole or in part
301 adversely to the claimant. Sixty days after the date on which it is
302 mailed, a notice of proposed disallowance shall constitute a final
303 disallowance except only for such amounts as to which the taxpayer
304 filed, as provided in subdivision (2) of this subsection, a written
305 protest with the commissioner.

306 Sec. 6. Subsection (a) of section 12-268d of the general statutes is
307 repealed and the following is substituted in lieu thereof (*Effective July*
308 *1, 2006*):

309 (a) If any company [or municipal utility] included in section 12-249,
310 section 12-256 or section 12-264 or municipal utility, as defined in
311 section 12-265, as amended by this act, fails to pay the amount of tax
312 reported to be due on its return within the time specified under the
313 provisions of chapter 210, 211, 212 or this chapter, there shall be
314 imposed a penalty equal to ten per cent of such amount due and
315 unpaid, or fifty dollars, whichever is greater. Such amount shall bear
316 interest at the rate of one per cent per month or fraction thereof, from
317 the due date of such tax until the date of payment.

318 Sec. 7. (NEW) (*Effective July 1, 2006*) (a) A municipal electric energy
319 cooperative, created pursuant to chapter 101a of the general statutes,

320 shall submit a comprehensive report on the activities of the municipal
321 electric utilities with regard to promotion of renewable energy
322 resources. Such report shall identify the standards and activities of
323 municipal electric utilities in the promotion, encouragement and
324 expansion of the deployment and use of renewable energy sources
325 within the service areas of the municipal electric utilities for the prior
326 calendar year. The cooperative shall submit the report to the
327 Renewable Energy Investment Advisory Committee established
328 pursuant to section 16-245n of the 2006 supplement to the general
329 statutes not later than ninety days after the end of each calendar year
330 that describes the activities undertaken pursuant to this subsection
331 during the previous calendar year for the promotion and development
332 of renewable energy sources for all electric customer classes.

333 (b) Such cooperative shall develop standards for the promotion of
334 renewable resources that apply to each municipal electric utility. On or
335 before January 1, 2007, and annually thereafter, such cooperative shall
336 submit such standards to the Renewable Energy Investment Advisory
337 Committee.

338 Sec. 8. (NEW) (*Effective October 1, 2006*) (a) Notwithstanding any
339 provision of the general statutes, any (1) new construction of a facility
340 that is projected to cost not less than five million dollars, that is
341 financed with state funds and is approved and funded on or after
342 January 1, 2007, and (2) any renovation of a facility that is projected to
343 cost not less than two million dollars, that is financed with state funds
344 and is approved and funded on or after January 1, 2007, shall comply
345 with the regulations adopted pursuant to subsection (b) of this section.
346 The Secretary of the Office of Policy and Management, in consultation
347 with the Commissioner of Public Works, shall exempt any facility from
348 complying with said regulations if the Institute for Sustainable Energy
349 finds, in a written analysis, that the cost of such compliance
350 significantly outweighs the benefits. For purposes of this section,
351 "facility" means any building, including, but not limited to, a state-
352 financed housing project or a building that is used or intended to be
353 used as a school.

(b) Not later than January 1, 2007, the Secretary of the Office of Policy and Management, in consultation with the Commissioner of Public Works, the Commissioner of Environmental Protection and the Commissioner of Public Safety, shall adopt regulations, in accordance with the provisions of chapter 54 of the general statutes, to adopt building construction standards that are consistent with or exceed the silver building rating of the Leadership in Energy and Environmental Design's rating system for new commercial construction and major renovation projects, as established by the United States Green Building Council, or an equivalent standard, including, but not limited to, a two-globe rating in the Green Globes USA design program, and thereafter update such regulations as the secretary deems necessary.

Sec. 9. Section 10-286 of the 2006 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2006*):

(a) The amount of the grant approved by the Commissioner of Education under the provisions of this chapter for any completed school building project shall be computed as follows:

(1) For the fiscal year ending June 30, 1984, and each fiscal year thereafter, in the case of a new school plant, an extension of an existing school building or projects involving the major alteration of any existing building to be used for school purposes, the eligible percentage, as determined in section 10-285a, as amended, of the result of multiplying together the number representing the highest projected enrollment, based on data acceptable to the Commissioner of Education, for such building during the eight-year period from the date a local or regional board of education files a notification of a proposed school building project with the Department of Education, the number of gross square feet per pupil determined by the Commissioner of Education to be adequate for the kind of educational program or programs intended, and the eligible cost of such project, divided by the gross square feet of such building, or the eligible percentage, as determined in section 10-285a, as amended, of the

387 eligible cost of such project, whichever is less, provided, (A) any such
388 project on which construction was started prior to July 1, 1975, shall be
389 reimbursed under the formula in effect prior to said date, (B) any such
390 project on which construction or payments under this chapter were
391 started after June 30, 1975, but prior to July 31, 1983, shall be
392 reimbursed based upon the data, submitted for each such project and
393 accepted by the Department of Education during said period,
394 representing the number of pupils the plant was designed to
395 accommodate, (C) any project for which final grant calculation has
396 been made after June 30, 1975, but prior to July 31, 1983, shall be
397 reimbursed based upon such final calculation, and (D) any such project
398 for which estimated grant payments were begun prior to July 31, 1983,
399 shall be reimbursed based upon the calculation formula used in
400 making such estimated grant payments;

401 (2) In case of projects involving the purchase of an existing building
402 to be used for school purposes, the eligible percentage, as determined
403 in section 10-285a, as amended, of the eligible cost as determined by
404 the Commissioner of Education, provided any project for which an
405 application is made on or after July 1, 1995, involving the purchase and
406 renovation of an existing facility, may be exempt from the standard
407 space specifications, and otherwise ineligible repairs and replacements
408 may be considered eligible for reimbursement as part of such a project,
409 if information is provided acceptable to the commissioner
410 documenting the need for such work and the cost savings to the state
411 and the school district of such purchase and renovation project in
412 comparison to alternative construction options;

413 (3) If any school building project described in subdivisions (1) and
414 (2) of this subsection includes the construction, extension or major
415 alteration of outdoor athletic facilities, tennis courts or a natatorium,
416 gymnasium or auditorium, the grant for the construction of such
417 outdoor athletic facilities, tennis courts and natatorium shall be limited
418 to one-half of the eligible percentage for subdivisions (1) and (2) of the
419 net eligible cost of construction thereof; the grant for the construction
420 of an area of spectator seating in a gymnasium shall be one-half of the

421 eligible percentage for subdivisions (1) and (2) of the net eligible cost of
422 construction thereof; and the grant for the construction of the seating
423 area in an auditorium shall be limited to one-half of the eligible
424 percentage for subdivisions (1) and (2) of the net eligible cost of
425 construction of the portion of such area that seats one-half of the
426 projected enrollment of the building, as defined in subdivision (1) of
427 this subsection, which it serves;

428 (4) In the case of a regional vocational agriculture center or the
429 purchase of equipment pursuant to subsection (a) of section 10-65 or a
430 regional special education facility pursuant to section 10-76e, an
431 amount equal to the eligible cost of such project, as determined by the
432 Commissioner of Education;

433 (5) In the case of a public school administrative or service facility,
434 one-half of the eligible percentage for subdivisions (1) and (2) of this
435 subsection of the eligible project cost as determined by the
436 Commissioner of Education, or in the case of a regional educational
437 service center administrative or service facility, the eligible percentage,
438 as determined pursuant to subsection (c) of section 10-285a, as
439 amended, of the eligible project cost as determined by the
440 commissioner;

441 (6) In the case of the total replacement of a roof or the total
442 replacement of a portion of a roof which has existed for at least twenty
443 years, or in the case of the total replacement of a roof or the total
444 replacement of a portion of a roof which has existed for fewer than
445 twenty years when it is determined by a registered architect or
446 registered engineer that such roof was improperly designed or
447 improperly constructed and the town is prohibited from recovery of
448 damages or has no other recourse at law or in equity, the eligible
449 percentage for subdivisions (1) and (2) of this subsection, of the eligible
450 cost as determined by the Commissioner of Education. In the case of
451 the total replacement of a roof or the total replacement of a portion of a
452 roof which has existed for fewer than twenty years (A) when it is
453 determined by a registered architect or registered engineer that such

454 roof was improperly designed or improperly constructed and the town
455 has recourse at law or in equity and recovers less than such eligible
456 cost, the eligible percentage for subdivisions (1) and (2) of this
457 subsection of the difference between such recovery and such eligible
458 cost, and (B) when the roof is at least fifteen years old but less than
459 twenty years old and it cannot be determined by a registered architect
460 or registered engineer that such roof was improperly designed or
461 improperly constructed, the eligible percentage for subdivisions (1)
462 and (2) of this subsection of the eligible project costs provided such
463 costs are multiplied by the ratio of the age of the roof to twenty years.
464 For purposes of this subparagraph, the age of the roof shall be
465 determined in whole years to the nearest year based on the time
466 between the completed installation of the old roof and the date of the
467 grant application for the school construction project for the new roof;

468 (7) For the fiscal year ending June 30, 1984, and for each fiscal year
469 thereafter, in the case of projects to correct code violations, the eligible
470 percentage, as determined in section 10-285a, as amended, of the
471 eligible cost as determined by the Commissioner of Education;

472 (8) In the case of a renovation project for which an application is
473 made on or after July 1, 1995, the eligible percentage as determined in
474 subsection (b) of section 10-285a, as amended, multiplied by the
475 eligible costs as determined by the commissioner, provided the project
476 may be exempt from the standard space specifications, and otherwise
477 ineligible repairs and replacements may be considered eligible for
478 reimbursement as part of such a project, if information is provided
479 acceptable to the commissioner documenting the need for such work
480 and the cost savings to the state and the school district of such
481 renovation project in comparison to alternative construction options;

482 (9) In the case of projects approved to remedy certified school
483 indoor air quality emergencies, the eligible percentage, as determined
484 in section 10-285a, as amended, of the eligible cost as determined by
485 the Commissioner of Education;

486 (10) On or after January 1, 2007, in the case of a construction of a
487 school building that is projected to cost not less than five million
488 dollars that is consistent with or exceeds the building construction
489 standards developed pursuant to subsection (b) of section 4 of this act,
490 or for the renovation of a school building that is projected to cost not
491 less than two million dollars that complies with said standards, one
492 hundred per cent of the costs of construction or renovation that are
493 attributable to conforming the construction or renovation to said
494 standards, as determined by the commissioner, in consultation with
495 the Secretary of the Office of Policy and Management.

496 (b) (1) In the case of all grants computed under this section for a
497 project which constitutes a replacement, extension or major alteration
498 of a damaged or destroyed facility, no grant may be paid if a local or
499 regional board of education has failed to insure its facilities and capital
500 equipment in accordance with the provisions of section 10-220. The
501 amount of financial loss due to any damage or destruction to any such
502 facility, as determined by ascertaining the replacement value of such
503 damage or destruction, shall be deducted from project cost estimates
504 prior to computation of the grant.

505 (2) In the case of any grants computed under this section for a
506 school building project authorized pursuant to section 10-283 after July
507 1, 1979, any federal funds or other state funds received for such school
508 building project shall be deducted from project costs prior to
509 computation of the grant.

510 (3) The limitation on grants for new outdoor athletic facilities, tennis
511 courts, natatorium, gymnasium and auditorium shall not apply to
512 school building projects for which applications for review of
513 preliminary plans and specifications on Form 2A were submitted prior
514 to October 1, 1975, in the case of towns and prior to October 15, 1975,
515 in the case of regional school districts.

516 (4) Commencing with the school construction projects authorized by
517 the General Assembly during the fiscal year ending June 30, 1985, and

518 for all such projects so authorized thereafter, the calculation of grants
519 pursuant to this section shall be made in accordance with the state
520 standard space specifications in effect at the time of the final grant
521 calculation, except that on and after July 1, 2005, in the case of a school
522 district with an enrollment of less than one hundred fifty students in
523 grades kindergarten to grade eight, inclusive, state standard space
524 specifications shall not apply in the calculation of grants pursuant to
525 this section and the Commissioner of Education may modify the
526 standard space specifications for a project in such district.

527 (c) In the computation of grants pursuant to this section for any
528 school building project authorized by the General Assembly pursuant
529 to section 10-283 after January 1, 1993, any maximum square footage
530 per pupil limit established pursuant to this chapter or any regulation
531 adopted by the State Board of Education pursuant to this chapter shall
532 be increased by twenty-five per cent for a building constructed prior to
533 1950, except that a board of education may apply to the department by
534 June 30, 2002, for use of such increased percentage for a building
535 constructed prior to July 1, 1951.

536 (d) In the computation of grants pursuant to this section for any
537 school building project authorized by the General Assembly pursuant
538 to section 10-283 after January 1, 2004, any maximum square footage
539 per pupil limit established pursuant to this chapter or any regulation
540 adopted by the State Board of Education pursuant to this chapter shall
541 be increased by up to one per cent to accommodate a heating,
542 ventilation or air conditioning system, if needed.

543 Sec. 10. Subdivision (16) of subsection (a) of section 16a-48 of the
544 general statutes is repealed and the following is substituted in lieu
545 thereof (*Effective October 1, 2006*):

546 (16) "Commercial refrigerators and freezers" means reach-in
547 cabinets, pass-through cabinets, roll-in cabinets and roll-through
548 cabinets that have less than eighty-five feet of capacity [. "Commercial
549 refrigerators and freezers" does not include walk-in models or

550 consumer products regulated under the federal National Appliance
551 Energy Conservation Act of 1987] designed for the refrigerated or
552 frozen storage of food and food products.

553 Sec. 11. Subsection (a) of section 16a-48 of the general statutes is
554 amended by adding subdivisions (23) to (41), inclusive, as follows
555 (*Effective October 1, 2006*):

556 (NEW) (23) "Electricity ratio" means the ratio of furnace electricity
557 use to total furnace energy use;

558 (NEW) (24) "Boiler" means a space heater that is a self-contained
559 appliance for supplying steam or hot water primarily intended for
560 space-heating. "Boiler" does not include hot water supply boilers;

561 (NEW) (25) "Central furnace" means a self-contained space heater
562 designed to supply heated air through ducts of more than ten inches in
563 length;

564 (NEW) (26) "Residential furnace or boiler" means a product that
565 utilizes only single-phase electric current, or single-phase electric
566 current or DC current in conjunction with natural gas, propane or
567 home heating oil, and which (A) is designed to be the principal heating
568 source for the living space of a residence; (B) is not contained within
569 the same cabinet with a central air conditioner with a rated cooling
570 capacity of not less than 65,000 BTUs per hour; (C) is an electric central
571 furnace, electric boiler, forced-air central furnace, gravity central
572 furnace, or low pressure steam or hot water boiler; and (D) has a heat
573 input rate of less than 300,000 BTUs per hour for electric boilers and
574 low pressure steam or hot water boilers and less than 225,000 BTUs per
575 hour for forced-air central furnaces, gravity central furnaces and
576 electric central furnaces;

577 (NEW) (27) "Furnace air handler" means the section of the furnace
578 that includes the fan, blower and housing, generally upstream of the
579 burners and heat exchanger. The furnace air handler may include a
580 filter and a cooling coil;

581 (NEW) (28) "High-intensity discharge lamp" means a lamp in which
582 light is produced by the passage of an electric current through a vapor
583 or gas, and in which the light-producing arc is stabilized by bulb wall
584 temperature and the arc tube has a bulb wall loading in excess of three
585 watts per square centimeter;

586 (NEW) (29) "Medium voltage dry-type distribution transformer"
587 means a transformer that (A) has an input voltage of not less than 600
588 volts but not more than 34,400 volts; (B) is air-cooled; (C) does not use
589 oil as a coolant; and (D) is rated for operation at a frequency of 60
590 Hertz. "Medium voltage dry-type distribution transformer" does not
591 mean devices with multiple voltage taps, with the highest voltage tap
592 not less than twenty per cent more than the lowest voltage tap, or
593 devices that are designed to be used in a special purpose application
594 and are unlikely to be used in general purpose applications including
595 drive transformers, rectifier transformers, auto transformers,
596 uninterruptible power system transformers, impedance transformers,
597 regulating transformers, sealed and nonventilating transformers,
598 machine tool transformers, welding transformers, grounding
599 transformers or testing transformers;

600 (NEW) (30) "Metal halide lamp" means a high intensity discharge
601 lamp in which the major portion of the light is produced by radiation
602 of metal halides and their products of dissociation, possibly in
603 combination with metallic vapors;

604 (NEW) (31) "Metal halide lamp fixture" means a light fixture
605 designed to be operated with a metal halide lamp and a ballast for a
606 metal halide lamp;

607 (NEW) (32) "Probe start metal halide ballast" means a ballast used to
608 operate metal halide lamps that does not contain an ignitor and that
609 instead starts lamps by using a third starting electrode probe in the arc
610 tube;

611 (NEW) (33) "Single voltage external AC to DC power supply" means
612 a device that (A) is designed to convert line voltage AC input into

613 lower voltage DC output; (B) is able to convert to only one DC output
614 voltage at a time; (C) is sold with, or intended to be used with, a
615 separate end-use product that constitutes the primary power load; (D)
616 is contained within a separate physical enclosure from the end-use
617 product; (E) is connected to the end-use product in a removable or
618 hard-wired male and female electrical connection, cable, cord or other
619 wiring; (F) does not have batteries or battery packs, including those
620 that are removable or that physically attach directly to the power
621 supply unit; (G) does not have a battery chemistry or type selector
622 switch and indicator light, or does not have a battery chemistry or type
623 selector switch and a state of charge meter; and (H) has a nameplate
624 output power less than or equal to 250 watts;

625 (NEW) (34) "State regulated incandescent reflector lamp" means a
626 lamp that is not colored or designed for rough or vibration service
627 applications, that has an inner reflective coating on the outer bulb to
628 direct the light, and E26 medium screw base, and a rated voltage or
629 voltage range that lies at least partially within 115 to 130 volts, and that
630 falls into one of the following categories: (A) A bulged reflector or
631 elliptical reflector or a blown PAR bulb shape and that has a diameter
632 that equals or exceeds 2.25 inches, or (B) a reflector, parabolic
633 aluminized reflector, bulged reflector or similar bulb shape and that
634 has a diameter of 2.25 to 2.75 inches. "State regulated incandescent
635 reflector lamp" does not include ER30, BR30, BR40 and ER40 lamps of
636 not more than fifty watts, BR30, BR40 and ER40 lamps of sixty-five
637 watts and R20 lamps of not more than forty-five watts;

638 (NEW) (35) "Bottle-type water dispenser" means a water dispenser
639 that uses a bottle or reservoir as the source of potable water;

640 (NEW) (36) "Commercial hot food holding cabinet" means a heated,
641 fully-enclosed compartment with one or more solid or partial glass
642 doors that is designed to maintain the temperature of hot food that has
643 been cooked in a separate appliance. "Commercial hot food holding
644 cabinet" does not include heated glass merchandizing cabinets, drawer
645 warmers or cook-and-hold appliances;

646 (NEW) (37) "Pool heater" means an appliance designed for heating
647 nonpotable water contained at atmospheric pressure for swimming
648 pools, spas, hot tubs and similar applications, including natural gas,
649 heat pump, oil and electric resistance pool heaters;

650 (NEW) (38) "Portable electric spa" means a factory-built electric spa
651 or hot tub, supplied with equipment for heating and circulating water;

652 (NEW) (39) "Residential pool pump" means a pump used to
653 circulate and filter pool water in order to maintain clarity and
654 sanitation;

655 (NEW) (40) "Walk-in refrigerator" means a space refrigerated to
656 temperatures at or above thirty-two degrees Fahrenheit that can be
657 walked into and is designed for the refrigerated storage of food and
658 food products;

659 (NEW) (41) "Walk-in freezer" means a space refrigerated to
660 temperatures below thirty-two degrees Fahrenheit that can be walked
661 into and is designed for the frozen storage of food and food products.

662 Sec. 12. Subdivision (1) of subsection (d) of section 16a-48 of the
663 general statutes is repealed and the following is substituted in lieu
664 thereof (*Effective October 1, 2006*):

665 (d) (1) [Not later than July 1, 2005, the] The department, in
666 consultation with the secretary, shall adopt regulations, in accordance
667 with the provisions of chapter 54, to implement the provisions of this
668 section and to establish minimum energy efficiency standards for the
669 types of new products set forth in subsection (b) of this section. The
670 regulations shall provide for the following minimum energy efficiency
671 standards:

672 (A) Commercial clothes washers shall meet the requirements shown
673 in Table P-3 of section 1605.3 of the California Code of Regulations,
674 Title 20: Division 2, Chapter 4, Article 4;

675 (B) [commercial] Commercial refrigerators and freezers shall meet

676 the August 1, 2004, requirements shown in Table A-6 of [said
677 California regulation] the California Code of Regulations, Title 20:
678 Division 2, Chapter 4, Article 4;

679 (C) [illuminated] Illuminated exit signs shall meet the version 2.0
680 product specification of the "Energy Star Program Requirements for
681 Exit Signs" developed by the United States Environmental Protection
682 Agency;

683 (D) [large] Large packaged air-conditioning equipment having not
684 more than 760,000 BTUs per hour of capacity shall meet a minimum
685 energy efficiency ratio of 10.0 for units using both electric heat and air
686 conditioning or units solely using electric air conditioning, and 9.8 for
687 units using both natural gas heat and electric air conditioning;

688 (E) [large] Large packaged air-conditioning equipment having not
689 less than 761,000 BTUs per hour of capacity shall meet a minimum
690 energy efficiency ratio of 9.7 for units using both electric heat and air
691 conditioning or units solely using electric air conditioning, and 9.5 for
692 units using both natural gas heat and electric air conditioning;

693 (F) [low] Low voltage dry-type distribution transformers shall meet
694 or exceed the energy efficiency values shown in Table 4-2 of the
695 National Electrical Manufacturers Association Standard TP-1-2002;

696 (G) [torchiere] Torchiere lighting fixtures shall not consume more
697 than 190 watts and shall not be capable of operating with lamps that
698 total more than 190 watts;

699 (H) [traffic] Traffic signal modules shall meet the product
700 specification of the "Energy Star Program Requirements for Traffic
701 Signals" developed by the United States Environmental Protection
702 Agency that took effect in February, 2001, except where the
703 department, in consultation with the Commissioner of Transportation,
704 determines that such specification would compromise safe signal
705 operation;

706 (I) [unit] Unit heaters shall not have pilot lights and shall have either
707 power venting or an automatic flue damper;

708 (J) On or after January 1, 2008, residential furnaces and boilers
709 purchased by the state shall meet or exceed the following annual fuel
710 utilization efficiency: (i) For gas and propane furnaces, ninety per cent
711 annual fuel utilization efficiency, (ii) for oil furnaces, eighty-three per
712 cent annual fuel utilization efficiency, (iii) for gas and propane hot
713 water boilers, eighty-four per cent annual fuel utilization efficiency,
714 (iv) for oil-fired hot water boilers, eighty-four per cent annual fuel
715 utilization efficiency, (v) for gas and propane steam boilers, eighty-two
716 per cent annual fuel utilization efficiency, and (vi) for oil-fired steam
717 boilers, eighty-two per cent annual fuel utilization efficiency;

718 (K) On or after January 1, 2008, furnace air handlers purchased by
719 the state shall have an electricity ratio of not more than 2.0, except air
720 handlers for oil furnaces with a capacity of less than 94,000 BTUs per
721 hour shall have an electricity ratio of 2.3 or less;

722 (L) On or after January 1, 2008, medium voltage dry-type
723 distribution transformers shall meet minimum efficiency levels three-
724 tenths of a percentage point higher than the Class 1 efficiency levels for
725 medium voltage distribution transformers specified in Table 4-2 of the
726 "Guide for Determining Energy Efficiency for Distribution
727 Transformers" published by the National Electrical Manufacturers
728 Association;

729 (M) On or after January 1, 2008, metal halide lamp fixtures
730 manufactured with lamps rated greater than or equal to 150 watts but
731 less than or equal to 500 watts shall not contain a probe-start metal
732 halide lamp ballast in the vertical base up or vertical base down
733 position only;

734 (N) On or after January 1, 2008, single-voltage external AC to DC
735 power supplies shall meet the tier one energy efficiency requirements
736 of section 1605.3 of the January 2006 California Code of Regulations,
737 Title 20, Division 2, Chapter 4, Article 4: Appliance Efficiency

738 Regulations. This standard applies to single voltage AC to DC power
739 supplies that are sold individually and to those that are sold as a
740 component of or in conjunction with another product;

741 (O) On or after January 1, 2008, state regulated incandescent
742 reflector lamps shall be manufactured to meet the minimum average
743 lamp efficacy requirements for federally-regulated incandescent
744 reflector lamps contained in 43 USC 6295 (i)(1)(A);

745 (P) On or after January 1, 2008, bottle-type water dispensers,
746 commercial hot food holding cabinets, portable electric spas, walk-in
747 refrigerators and walk-in freezers shall meet the efficiency
748 requirements of section 1605.3 of the January 2006 California Code of
749 Regulations, Title 20, Division 2, Chapter 4, Article 4: Appliance
750 Efficiency Regulations. On or after January 1, 2010, residential pool
751 pumps shall meet said efficiency requirements;

752 (Q) On or after January 1, 2008, pool heaters shall meet the
753 efficiency requirements of sections 1605.1 and 1605.3 of the January
754 2006 California Code of Regulations, Title 20, Division 2, Chapter 4,
755 Article 4: Appliance Efficiency Regulations.

756 Sec. 13. Section 4a-67c of the general statutes is repealed and the
757 following is substituted in lieu thereof (*Effective October 1, 2006*):

758 The Department of Administrative Services and each other
759 budgeted agency, as defined in section 4-69, exercising procurement
760 authority shall procure equipment and appliances for state use which
761 meet or exceed the federal energy conservation standards set forth in
762 the Energy Policy and Conservation Act, 42 USC 6295, any federal
763 regulations adopted thereunder, [and] any applicable energy
764 performance standards established in accordance with subsection (j) of
765 section 16a-38 and meet the federal Energy Star standards. Purchases
766 of equipment and appliances for which energy performance standards
767 have been established pursuant to subsection (j) of section 16a-38 shall
768 be (1) made from among those specific models of equipment and
769 appliances which meet such standards, and (2) based, when possible,

770 on competitive bids. Such bids shall be evaluated on the basis of the
771 life-cycle cost standards, if any, established pursuant to subsection (b)
772 of section 16a-38.

773 Sec. 14. Subdivision (44) of subsection (a) of section 16-1 of the 2006
774 supplement to the general statutes is repealed and the following is
775 substituted in lieu thereof (*Effective October 1, 2006*):

776 (44) "Class III renewable energy source" means the electricity output
777 from combined heat and power systems with an operating efficiency
778 level of no less than fifty per cent that are part of customer-side
779 distributed resources developed at commercial and industrial facilities
780 in this state on or after January 1, 2006, or the electricity savings
781 [created at commercial and industrial facilities in this state from]
782 conservation and load management programs and measures begun on
783 or after January 1, 2006, provided residential customers may receive
784 credit for said programs and measures financed by the Conservation
785 and Load Management Fund pursuant to section 16-245m, as
786 amended.

787 Sec. 15. Subsection (e) of section 16-243q of the 2006 supplement to
788 the general statutes is repealed and the following is substituted in lieu
789 thereof (*Effective October 1, 2006*):

790 (e) The Department of Public Utility Control shall conduct a
791 contested proceeding to develop the administrative processes and
792 program specifications that are necessary to implement a Class III
793 conservation and distributed resources trading program. The
794 proceeding shall include, but not be limited to, an examination of
795 issues such as (1) the manner in which qualifying activities are
796 certified, tracked and reported, (2) the manner in which Class III
797 certificates are created, accounted for and transferred, [(3) the
798 feasibility and benefits of expanding eligible Class III resources to
799 include those resulting from electricity savings made by residential
800 customers, (4)] (3) verification of the accuracy of conservation and
801 customer-side distributed resources credits, [(5)] (4) verification of the

802 fact that resources or credits used to satisfy the requirement of this
 803 section have not been used to satisfy any other portfolio or similar
 804 requirement, [(6)] (5) the manner in which credits created by
 805 conservation and customer-side distributed resources may best be
 806 allocated to maximize the impact of the trading program, and [(7)] (6)
 807 setting such alternative payment amounts at a level that encourages
 808 development of conservation and customer-side distributed resources.
 809 The department may retain the services of a third party entity with
 810 expertise in the development of energy efficiency trading or
 811 verification programs to assist in the development and operation of the
 812 program. The department shall issue a decision no later than February
 813 1, [2006] 2007.

This act shall take effect as follows and shall amend the following sections:		
Section 1	July 1, 2006	12-264
Sec. 2	July 1, 2007	12-265
Sec. 3	July 1, 2006	12-213(a)(1)
Sec. 4	July 1, 2006	12-268a
Sec. 5	July 1, 2006	12-268c(a)(1)
Sec. 6	July 1, 2006	12-268d(a)
Sec. 7	July 1, 2006	New section
Sec. 8	October 1, 2006	New section
Sec. 9	October 1, 2006	10-286
Sec. 10	October 1, 2006	16a-48(a)(16)
Sec. 11	October 1, 2006	16a-48(a)
Sec. 12	October 1, 2006	16a-48(d)(1)
Sec. 13	October 1, 2006	4a-67c
Sec. 14	October 1, 2006	16-1(a)(44)
Sec. 15	October 1, 2006	16-243q(e)

Statement of Legislative Commissioners:

Changes were made to sections 1 and 2 for purposes of clarity and consistency and sections 3 to 6 were added to make conforming changes.

ET Joint Favorable Subst. C/R

FIN

FIN *Joint Favorable Subst.*